

# EXECUTIVE SUMMARY

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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** June 24, 2011

**IBA Report Number:** 11-40

**City Council Docket Date:** June 28, 2011

**Item Number:** 336

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## Fiscal Year 2012 Tax and Revenue Anticipation Notes (TRANS)

Based on our review of the proposed borrowing with the City staff, the IBA recommends approval of the resolution authorizing the issuance of not more than \$175 million of FY 2012 TRANS. The proposed FY 2012 TRANS are appropriately sized in accordance with applicable City Charter provisions and IRS regulations. In addition to helping the City avoid short-term cash flow deficits, proceeds from the FY 2012 TRANS enable the City to make the pension ARC payment at the beginning of the fiscal year rather than financing the payment at higher rates of interest throughout the fiscal year. Staff estimates paying the pension ARC at the beginning of the fiscal year will save the City's General Fund approximately \$5.8 million.

The Office of the City Attorney issued a memorandum on the City Council's Responsibilities under Federal Securities Laws for the proposed FY 2012 TRANS dated June 22, 2011. In addition to discussing City Councilmember responsibilities related to the proposed borrowing, the memorandum provides questions and answers the City Council may wish to review in advance of the Council meeting.

Involved City financing staff along with the City's financial advisor, bond counsel and a representative from the lender (Wells Fargo Bank) will be present for the City Council meeting on June 28, 2011. The IBA recommends the City Council ask any questions they might have directly to members of the City's financing team including the City's financial advisor, bond counsel and/or the lender. The availability of financing consultants for the City Council at or before City Council meetings is an encouraged practice.